

The Business Situation

May 31, 1930



A SUMMARY of reports on
business conditions made to
Julius H. Barnes, chairman,
National Business Survey
Conference



CHAMBER OF COMMERCE OF THE
UNITED STATES



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Summarized by

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Conference*

THIS SUMMARY *of reports obtained by the National Business Survey Conference on important lines of business and industry suggests certain significant phases:*

First, that large American industry continues to carry out the construction programs forecast last December.

Second, continued large capital improvements supported by large-scale financing evidence a confidence in enlarged future earning power and preparation for it.

Third, in America and in Europe there are evidences of increasing reservoirs of accumulated credit with consequent decreases in interest rates, and resulting benefits for production and distribution.

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Short-Term Credit

THE short time credit market shows continued ease. Two federal reserve banks further reduced discount rates in May. Customer rates at commercial banks in important centers now appear to be about the same as two years ago and there is evidence of moderate lowering of rates by about $\frac{1}{2}\%$ to 1% in the

group of least favorably situated interior cities. Member bank borrowings from the federal reserve are negligible.

Long-Term Credit

F O R the first time, capital issues during a month of 1930 exceeded those for the corresponding month last year, the April, 1930, flotations being 15% greater than those for April, 1929. For the first four months the volume of new capital obtained by domestic producing and distributing corporations totaled \$2,100,000,000, and in addition borrowings by public authorities were \$460,000,000, as compared with \$339,000,000 for the corresponding period last year.

Mortgage agencies indicate loans are being made on a conservative basis and at gradually decreasing rates for first-class loans, but investors continue to show a tendency to confine loans to building projects for which there is a demonstrated economic need.

Reports from 32 life insurance companies carrying about four-fifths of the total assets of legal reserve life insurance companies and about four-fifths of the total mortgage loans of life insurance companies indicate that on April 30 such total loans were \$5,885,000,000, against \$5,791,000,000 on December 31st last.

Building and Loan Associations

T H E R E is continued improvement in the financial situation of building and loan associations. Withdrawals are generally reported now to be normal, and associations in nearly

all sections have ample funds. Instances in which available funds exceed the demand for satisfactory loans are increasing in number.

Savings

T H E usual seasonal April decrease is less than in the corresponding month last year. Generally, there is little change in savings totals as a whole.

Life Insurance

N E W life insurance purchased during April was about 6% greater than the amount purchased during April of last year. Total sales by 44 companies covering ordinary, industrial, and group insurance totaled in April nearly \$1,200,000,000.

Fire Insurance

R E P O R T S from the more important fire insurance companies indicate that the income through premiums for April, 1930 was about 9% lower than for the corresponding months of 1929 while fire losses showed an increase of approximately 18%. Losses by fire in the United States for April reached a total of \$43,000,000 compared with \$37,000,000 reported through the same sources for April, 1929.

Bank Debits

T H E figures for bank debits for cities outside of New York indicate that the level of the first part of 1928 is being maintained, this level being approximately 10% under the level for the corresponding part of 1929.

Installment Finance

THE volume of installment paper handled by finance companies in April was somewhat more than in March but moderately less than in the corresponding month of last year. Delinquencies and repossessions are declining as compared with the months immediately preceding.

The Construction Industries

FOR the period ending May 23 this year, non-residential building was nearly up to last year's volume; public works and public utilities exceeded last year, but residential building lagged behind. The comparative figures for contracts awarded during these periods were: non-residential buildings this year \$923,000,000 against \$996,000,000 last year; public works and public utilities \$550,000,000 against \$447,000,000 last year; residential buildings \$460,000,000 against \$867,000,000 last year.

Total building contracts for all classes this year to May 23 were \$1,934,000,000 as against \$2,310,000,000 for 1929 and \$2,679,000,000 for 1928.

(The building contract figures are from F. W. Dodge Corp.)

Awards for concrete pavement for April totalled 18,570,000 square yards against 16,654,000 square yards in April, 1929.

A report on the status of public building projects of the federal government outside the District of Columbia as of May 1 indicates contracts let for 121 buildings; at specifica-

tions stage for 34 buildings; at drawings stage for 45 buildings; sites acquired but drawing stage not reached 32; other projects authorized and contemplated in various stages 95.

On highway construction contracts reports from the governors of 35 states to Secretary of Commerce Lamont covering almost 75% of the country show contracts awarded during the first quarter of a value of \$114,000,000 against \$51,000,000 for corresponding period of last year.

April permits for additions, alterations and repairs in 292 cities show 5% increase in value for April over March, and March was 48% over February.

Reports on shipments of building materials for April show that on sand, stone and gravel and structural steel there were sharp increases over March of this year but somewhat under April of a year ago. Cement shows a sharp increase in April over March of this year and was larger than April a year ago.

The plate glass industry is operating at about 70% of capacity. Stocks held by distributors are reported as low. Window glass sales for May are reported at 10% below last May.

Paint and varnish raw materials are selling in apparently normal volume.

Lumber production continues to run below last year's similar period. Stocks continue to increase. Production of lumber for the first twenty weeks in 1930 as compared with the similar period in 1929 showed a decrease of 11%. Shipments for the same period show a

decline of 18% and new orders a decline of 20%.

The average price index for building materials indicates no change in May as compared with April, except a decline of about 1% in lumber.

Railroads

C L A S S I railroads for the first quarter of 1930 show capital expenditures of \$224,000,000, compared with \$127,000,000 in the first quarter of 1929.

On May 1st railroads have on order 33,723 new freight cars, against 44,429 in 1929, but had placed in service during the first four months 34,725 new freight cars compared with 15,927 in 1929. Locomotives on order on May 1st were 362, compared with 346 on May 1st, 1929, while in the first four months 283 new locomotives were placed in service as compared with 166 for the similar period of 1929.

Carloadings for the first nineteen weeks of 1930 showed a decrease of about 8% below 1929, and about 4% below 1928.

Total employees on March 15th on Class I railroads were 1,547,000 against 1,504,000 on February 15, and against 1,628,000 last year.

Electric Railways

T H E total number of passengers carried showed a decrease of about 7% for April under April, 1929, but an increase of about 1% over April, 1928. The construction and maintenance program is reported as going forward in accordance with the forecast of last December.

Shipping

E M P L O Y M E N T in shipyards continues to expand. Shipyards are receiving contracts for important new ocean construction following recent ocean mail awards.

Telegraph and Cable

T E L E G R A P H business continues approximately at the comparative volume of earlier months. Cable business generally was lower but there has been an increase in South American cable business.

Telephone

N E W telephone installations in April were less than in 1929 but showed the largest month's gain this year. April long-distance telephone messages exceeded April, 1929, by about 10%. Capital expenditures continue in line with projected programs providing substantially larger outlays for plant and equipment than in 1929.

Postal Receipts

P O S T A L receipts at fifty selected large post offices in April showed a slight increase over March and the highest monthly figure this year, and were also slightly over April of last year.

Electric Power and Gas

T H E latest advices indicate that the construction program contemplated last December will probably be exceeded in 1930. The output of electric power for the first quarter exceeds

1929 by about 3%. Sale of manufactured gas in April exceeds last April by about 2%.

Gasoline

THE conservation movement continues to gain. Refining operations are not adding to accumulated stocks while there is evidence of marked increase in consumption of refined products for this year.

Coal

PRODUCTION of bituminous coal in recent weeks continues approximately the same as the corresponding weeks of 1928 but about 8% below 1929. Stocks of coal in consumers' hands decreased 7,200,000 tons during the first quarter. Production and shipments of anthracite during April were somewhat in excess of March but are below the level of last year.

Metals

THE second price reduction of copper in May stimulated foreign and domestic buying, resulting in large sales from accumulated stocks and some stiffening in price.

Lead and zinc show little change in volume of business, in stocks, or in prices.

Iron and Steel Industries

PIG IRON production for the first four months of 1930 was about 14% under 1929 and approximately the same as in 1928. Steel ingot production for April has only been exceeded in 1929 and 1928. Automobile demand runs about 25% under last April. Line pipe

demand is heavy and first half of May orders for plates have caused plate mills to operate close to 90%. Steel prices have declined moderately. Indices show employment in April about 5% under 1929 and larger than 1928 but with payroll totals slightly under 1928.

Automobiles

A P R I L motor vehicle production of 467,000 units exceeds all previous Aprils except 1929. Dealers' stocks of both new and used cars are reported below normal for this time of year. Foreign sales in March were 71,000 cars but in the first quarter of 1930 foreign shipments declined 46% below the first quarter of 1929.

Payroll indices of automobile manufacturers indicate April 4% over March.

Tire production in April of 4,494,910 increased about 15% over March and 23% over February.

Tire price index was slightly lower than in March. Pay roll index for April was about 9% over March.

Reports indicate automobile parts and accessories continue active.

Machinery

T H E general level of machinery sales has shown little change for two months. April machine tool orders increased slightly over the level of February and March. Machine tool plants are running with reduced forces and short hours. Employment indicies show larger forces than in 1928 but smaller payroll totals than 1928.

Heavy machinery builders are fairly busy. Construction machinery industry so far in May reports slightly lower than in April.

Farm Implements

A F T E R having a first quarter in domestic business better than last year, the farm implement industry now shows some falling off. Exports of farm implements, including tractors, for the first four months of 1930 totaled \$61,000,000, against \$49,000,000 in 1929, but for April alone exports were less than in April, 1929.

The April employment index shows more employees than in 1928, but total payroll about 6% under 1928, and this April shows falling off from March.

Hardware

F O R the first four months of 1930 hardware retail sales were 3% under the same period of 1929. In April alone the decline from a year ago was 6%. In May there was a seasonal increase for lawn, garden, and sporting goods. Road-building increased demand for heavy hardware. There is no improvement in demand for builders' hardware and hand tools. Inventories are reported lower now than in 1929. Payrolls of hardware manufacturers indicate more employees than in 1928 but lower payroll total.

Chemicals

S A L E S of fertilizer in cotton-growing states are approximately the same as a year ago. In

heavy chemicals some seasonable items show good demand. Dyestuffs and tan-stuffs are affected by curtailed operations among tanners. Fine chemicals report excellent business. Wholesale drugs show 1% decline in April under April a year ago. Employment indices show employees slightly more than 1928, but payroll totals slightly under 1928.

Electrical Manufacturers

ELECTRICAL refrigeration is active. Radio sales are reported materially below last April. Other electrical equipment is generally less active. April exports were 9% under March, but 8% above April, 1929. Employment and payroll indices for April were slightly under April, 1929, and materially larger than April, 1928.

Leather and Leather Products

PRODUCTION of footwear for the first quarter of the year was about 5% under the first quarter of 1929. Employment and payroll indices for April were slightly under April, 1929, but materially larger than April, 1928.

Printing and Publishing

PAYROLL indices in book and job printing plants declined 3% in April as compared with March, and show slightly larger than April, 1929. Employment and payroll in newspaper printing for April are substantially the same as for March and about 2% over April, 1929.

Paper and Pulp

NEWS PRINT demand for April was equal to that of a year ago. Book paper production was at a fairly high rate. Paperboard operations in April were below last year. Writing paper operations continue at a high rate. Wrapping paper production was slightly lower than last year. Kraft paper conditions were unsettled. Paper and pulp industry as a whole was apparently only slightly below 1929. Payroll indices were fully maintained in April as against March, and as against April, 1929.

Advertising

MAGAZINE advertising for May indicates an increase of 6% compared with May of last year. Newspaper advertising lineage for April was about 4% under last April. Radio advertising in April was about 41% over April, 1929. National advertising in leading farm magazines in May was equal in volume to May of last year as against smaller volume in earlier months of this year.

Textiles

COTTON industry is curtailing production in an effort at stabilization. Silk production is decreasing. Wool situation shows some signs of improvement.

For cotton goods the payroll indices in April were approximately the same as March, 16% under last April, but 8% larger than April, 1928.

In silk the payroll indices for April show

5% less than March, 14% less than April, 1929, and 14% under April, 1928.

The payroll indices for wool and worsted goods in April show 6% under March, about 30% under April last year, but only 2% under April, 1928.

Carpet and Rug Production

I N T H E carpet and rug industry inventories are reported low, the result of some months of curtailed production. Employment in April in numbers was about the same as 1928 but payroll totals were about 8% under 1928 and both were materially lower than April, 1929.

Food Products

S U P P L I E S of fruits and vegetables have been slightly below normal and prices maintained.

Consumption of pork in April was 7% more than last year, with prices 8% lower than last year. Beef consumption in April was 4% below last year and prices 8% lower. Payroll index in meat-packing industry for April shows practically unchanged from March and the same as April, 1929.

Wholesale egg prices were 3 to 5 cents lower than month before, and 10 cents lower than in 1929, with stored stocks unusually heavy.

Poultry prices are lower than last month and materially lower than last year, with unusually heavy stocks.

Milk consumption for first four months of 1930 was about 2% below same period of 1929.

Butter prices are approximately 20% lower than a year ago and stocks are large.

Ice cream manufacturers report increased volume of business in April but sharp increase during first half of May, with April payrolls 8% above March but 4% under last year.

In the baking industry payroll indices show April unchanged from March and practically the same as a year ago.

In flour milling payrolls were 4% lower than in March but 3% higher than in April, 1929.

In confectionery the payroll index is 3% under March but about the same as April, 1929.

The glass container industry reports new orders were 5% greater than April last year.

Retail and Wholesale Trade

R E T A I L conditions show substantial improvement. In spite of lower prices, many stores and groups of stores show gains over the same period last year. Reports indicate inventories are low in the hands of retailers. Both retailers and wholesalers continue a policy of cautious buying.

Hotel Business

H O T E L business for April fell 6% below April, 1929.

Foreign Trade

E X P O R T S for April at \$334,000,000 were about 10% below the value for March, 1930, and about 21% below the value for April,

1929. The April exports show a decline of about 16% below the five-year average for April, 1925-29. Total exports for four months at \$1,463,000,000 are about 21% below a similar period of 1929.

Imports for April at \$308,000,000 were 2% above the imports for March, 1930, but 25% below the imports for April, 1929. The imports for April were about 18% under the five-year average.

Imports for the four months at \$1,201,000,000 were about 22% under the similar period of 1929.

The April exports were the lowest in value since April, 1923, and the April imports the lowest since April, 1922.

World Business Conditions

DEPRESSION continues in many world markets, with few bright spots. Adverse factors include low commodity prices, import restrictions, political disturbances, and recent unfavorable weather. Favorable factors looking toward business recovery rest primarily on lower discount rates and increasing reservoirs of credit. For example, the German bank discount rate is now the lowest since 1914, and French and Belgian bank rates are also at their lowest point since pre-war.

In England there is depression in the coal and textile industries, the iron and steel industry is below normal, and the woolen industry is disorganized by labor troubles. April exports were 25% below April, 1929. The decline in British foreign trade has been aggravated by

Australian restrictions and political disturbances in India.

In France trade and industry increased somewhat in April, but industrial production slowed up slightly in May, although there was no material increase in unemployment. Among the more important European countries, France continues to enjoy probably the best business conditions.

In Germany depression continues, but business in general shows more confidence, partly due to a belief in the increasing stability of commodity prices.

Industry in Belgium continues at a low level, principally owing to restricted foreign markets.

Holland's trade was maintained during April, but the agricultural industry is depressed.

Business in Spain failed to manifest the expected spring activity and there was a tendency toward hand-to-mouth buying in most lines.

In Italy underlying conditions improved in April, although unemployment increased somewhat. Recent unfavorable weather indicates the exceptional harvest heretofore expected may not be realized.

In Czechoslovakia business has not revived as hoped for, but there are indications of a slowly improving trend.

In Austria depression continues in the textile, lumber, and coal industries.

In Denmark the industrial situation and the money market are reported as satisfactory as

year ago, while Danish foreign trade for the first quarter of 1930 exceeded the previous high record set in 1928.

In Norway business activity is slightly below normal.

In Sweden business is affected only slightly by the current depression of foreign markets and by lower commodity prices.

In Argentina business continues quiet, with usual seasonal dullness. The rains have improved winter pastures and the prospects for the livestock industry are better. Crop planting continues. The export movement of grain falls considerably below last year.

In Brazil conditions are somewhat improved in sections. Credit conditions in the interior are reported somewhat better, with easier collections. Stocks in most lines are reported low, and the wholesale demand below normal. Retail demand is spotty. The effects of the coffee problem continue. Packing-plant activities have been reduced.

In Mexico business conditions continue quiet, with collections slow. The depression continues in the mining industry.

In Australia general rains have improved the agricultural situation. Improved wool prices have contributed a better tone. Unemployment is more general, however. Depression continues in the agricultural implement trade. Smaller imports have been received since the emergency tariff restrictions became effective on April 4th. The chief decreases were in wearing apparel, textiles, automotive products, and iron and steel.

In Canada there is evidence of some improvement in business, attributed largely to seasonal influences. Customs tariff change made on May 2nd tended to unsettle import trade. Shipments are chiefly in small quantities, merchants following a hand-to-mouth buying policy. Industrial activity is fairly well maintained.

In Japan industrial conditions remain unchanged, with restricted production and falling commodity prices still apparent. The financial situation has been eased by recent loans in New York and London. Heavier stocks with fewer buyers have depressed raw silk prices.

In China trade prospects are dependent upon the political and military situation. Foreign importers are faced with an acute problem with the falling exchange.

In India general business is further depressed by serious political disturbances. Money remains tight and collections are reported poor.